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SEC URGES THAT VESCO'S INVESTMENT ACTIVITIES BE HALTED

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The special commission investigating the activities of mutual funds firms in the country has decided to invite Gordon McAlpin, a resident of the United States, to appear before it. It will inform the Executive Branch of its decision, so that if there is any legal obstacle to his entry into the country, it may be removed "in order to carry out the mandate bestowed on the investigating commission by the entire legislative assembly," according to statements made by the chairman of that body, Deputy Rafael A. Valladares Mora. The petition will be addressed specifically to the Ministry of Public Security, since on another occasion, Gordon McAlpin, a brother of Clovis McAlpin, an investor residing in Costa Rica, was prevented from entering the country. "We wish to emphasize our interest in having Gordon McAlpin appear before 12 March, at which time the hearings come to a close," Valladares Mora said.

Former President's Appearance

Deputy Valladares Mora said that the former President of the Republic, Otilio Ulate, had expressed his interest in appearing before the commission when the period of the presentation of evidence and the appearances are coming to a close, in order to testify about the activities of mutual fund firms. Many other persons affected by the operations of firms established in the country will make their appearances before the commission in the days to come in order to add documents to the voluminous file opened, whose weight already exceeds 10 pounds.

To Criminal Courts

Yesterday afternoon, Deputies Longino Soto Pacheco and Edgar Arroyo Cordero, members of the commission who went to the United States and the Bahamas in connection with their investigatory duties, gave a preliminary report.

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Deputy Soto Pacheco said that legal circles close to the Securities Exchange Commission have the impression that the civil procedure involving Robert Vesco that will begin in New York on 5 March will be moved from the civil to the criminal courts. "Mr Vesco has been called before the Securities Exchange Commission (SEC) eight times," he said, "and he has not said a single word."

No Further Investments

Dr Soto Pacheco also said that "SEC officials had urged them to see that the Costa Rican Government stop Vesco's investments in the country. In short, pressure was exerted to ensure that he be prevented from buying anything more here. The SEC wants the funds that left the Bahamas transferred back into the jurisdiction of those islands, since it says that Sion Plaza Inc., the company founded here, is not able to back such large sums. It is also afraid that Vesco, in one grand move, might have bank paper deposited in order to show that he is covering investment responsibilities."

Judge in Bahamas Removed

In the course of his report, Deputy Longino Soto said that in the file made available to him in New York, there is a letter from the President of the Republic, Jose Figueres, in which he recommends that a judge in the Bahamas be granted a trust over funds transferred into the country to the Sion Plaza firm. "We were sorry to see that letter in the New York file. We were later informed that the judge in the Bahamas had been removed from his post."

Vesco and McAlpin

Deputy Oscar Arroyo Cordero said that "in Costa Rica, people had been led to believe that with respect to mutual funds, Vesco and McAlpin were separate individuals, but the file examined by us in the United States shows that there are many connections between them and that they are closely associated. I have the impression that this is going to be a lawsuit that will last many years, especially when the Vesco case moves from the civil to the criminal courts. There will be appeals, legal maneuvers, teams of lawyers who are already working, and so on."

Nixon's Nephew Vesco's Lawyer

Deputy Arroyo Cordero said that he had been informed that "Vesco's team of lawyers includes a nephew of President Nixon who resides in the Bahamas and is in charge of all of Robert Vesco's dealings on the islands. The Bahamas will be independent in June, and new legislation could change the status of the companies involved."

In another portion of his statement, Deputy Soto Pacheco said that in addition to the voluminous documentation that they were going to turn over to the investigating commission, the U.S. Embassy was going to receive more documents shortly, which in turn would go to the commission. "There is a large room containing only documents on Vesco and the mutual fund firms. For years, many men have been involved in the investigation. There is nothing they do not know, nothing has been left out, and there was broad cooperation. There has only been a little pressure exerted by the SEC so that Vesco would no longer be allowed to invest here," said Soto Pacheco.

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